

Audit and Governance Committee

26 November 2010

Corporate Risk Profile

Report of the Director of Financial Resources

1. Purpose of the Report

- 1.1 This report informs the Committee of the findings of the latest review of the Corporate Risk Profile, undertaken in September 2010.
- 1.2 The report provides information in relation to:
 - the identified risks and any additions, changes or closed risks;
 - an analysis of the risk score movement and commentary;
 - an analysis of progress in relation to actions identified to mitigate the risks.

2. Background

- 2.1 The annual review of the Profile was undertaken in April 2010 by a range of Heads of Service, senior managers from across the Council and the corporate risk management team. More recently, the mid-term review of the Profile was undertaken in September 2010 by the Corporate Risk Management Group.
- 2.2 The profile includes risks whereby the Council as the community leader has a strategic interest, e.g. health inequalities, where the actions to manage the risks would include influencing and working with partners as well as direct action by the Council.

3. Changes to Corporate Risk Profile

- 3.1 The mid-term review confirmed that the Corporate Risk Profile identifies and details the major risks facing the Council. Changes were made to some of the risk descriptions to better reflect the areas covered. Those changes that were considered to extend the scope of the risk are shown below in Table 1.

The risks are scored as set out in the table below.

IMPACT	Critical	4	4	8	12	16
	Significant	3	3	6	9	12
	Moderate	2	2	4	6	8
	Minor	1	1	2	3	4
Risk Rating Matrix			1	2	3	4
			Unlikely	Possible	Likely	Almost Certain
		LIKELIHOOD				

Table 1 - Corporate Risk Profile – Changes to Risk Descriptions / Scope

Ref	Original Risk Description (April 2009)	New Risk Description (September 2010)
15	Failure to secure significant productivity gains to address potential public expenditure reductions.	Failure to improve service delivery at a time of public expenditure reductions.
17	Failure to meet health inequalities targets.	Failure to fundamentally reduce health inequalities in Sunderland.
19	Failure by the Council and/or its strategic partners to understand, embrace and evidence progress towards the outcomes of the Sunderland Strategy and Local Area Agreement (LAA) and, in the nearer term, to meet the challenges of future inspection arrangements.	Failure by the Council and/or its strategic partners to understand, embrace and evidence progress towards strategic outcomes.
27	High profile or widespread failure to meet obligations and expectations linked to the Council's responsibilities for safeguarding children and young people.	High profile or widespread failure to meet obligations and expectations linked to the Council's responsibilities for safeguarding.
33	Failure to maximise and demonstrate the benefits and opportunities of partnership working.	Failure to identify and implement opportunities to deliver services in different ways.
34	Failure to respond to demographic trends and the needs and aspirations of the residents of the City in relation to Adult Social Care.	Failure to respond to residents' needs and aspirations in relation to Social Care.

3.2 One new risk was added and 5 were consolidated / closed / moved. Details are set out below.

Table 2 – Corporate Risk Profile – Additional / Closed / Moved Risks

ID	Status	Risk Description	Risk Owner
38	New	Failure to fundamentally reduce poverty levels in Sunderland.	J Johnson, Deputy Chief Executive
New risk to include all aspects of poverty previously restricted to child poverty.			
2	Consolidated	Difficulties in developing and delivering an effective strategy and plan for social inclusion, community cohesion and equality.	S Reed, Assistant Chief Executive
Social inclusion and community cohesion are now included within Risk 4 (Community Leadership). Equalities is now included within Risk 15 (service delivery) and Risk 12 (human resources).			
10	Closed	Failure to embed an integrated approach to the management of crime and fear of crime.	J Johnson, Deputy Chief Executive
Integrated structures are in place and risks continue to be managed by the Safer Sunderland Partnership.			
32	Moved	Failure to provide a safe and adequately maintained highway network to ensure the expeditious movement of goods and people.	R Odunaiya, Executive Director City Services
The assessment score for this risk is such that it is not now considered necessary to specifically include on the Corporate Risk Profile. It will remain of the City Services Risk Register.			
35	Closed	Inability to find and implement an effective solution for the future management of the Port of Sunderland.	J Johnson, Deputy Chief Executive
Port governance arrangements now in place and risks are managed by the new Port Board.			
36	Closed	Inadequate arrangements in place to manage the new responsibilities in relation to commissioning 16-19 learning.	K Moore, Acting Executive Director of Children's Services
Risk closed due to the removal of financial commissioning responsibilities from the Local Authority. Actions regarding the strategic role of the Local Authority are to be managed at project level through the project risk register.			

3.3 Table 3 below shows all of the risks that remain on the Corporate Risk Profile, the Risk Owner, movement in Risk Score and commentary. A Projected Risk Score is provided to reflect the assessment of risk assuming all of the proposed mitigating actions for the forthcoming 12 month period are implemented on time.

Column 4 is colour coded to reflect the movement in the risk score, as shown below.

Upward movement in the risk score	-	RED
No movement in the risk score	-	AMBER
Downward movement in the risk score	-	GREEN

Column 6 is colour coded to indicate the risk rating of high, medium and low, as shown below.

Scores 9-16 / High	RED
Scores 3-8 / Medium	AMBER
Scores 1-2 / Low	GREEN

Table 3 - Risk Movement (Previous Risk Score to Current Risk Score)

Ref	Risk Owner	Risk Description	Movement	Previous Risk Score (March 2010)	Current Risk Score (I x L)	Projected Risk Score
17	N Revely, Executive Director of Health, Housing & Adult Services	Failure to fundamentally reduce health inequalities in Sunderland.	↑	12 (3x4)	16 (4x4)	16 (4x4)
Risk score increased from 3x4 to 4x4 due to the nature of the impact on people, e.g. increased early mortality / quality of life / knock on impact of poverty etc). Approach needs to be considered in a more targeted way and to widen the remit to all the LSP delivery partnerships. It is considered that any actions will take time to impact on current health inequalities which is why both the current and projected scores are 16 (4X4).						
24	R Odunaiya, Executive Director City Services	Failure of the Council to deliver major transport infrastructure schemes in a timely and effective manner, including the SSTC: New Wear Crossing and the Central Route.	→	16 (4x4)	16 (4x4)	16 (4x4)
No change in overall status due to financial uncertainty.						
1	N Revely, Executive Director of Health, Housing & Adult Services	Failure to meet the housing needs of the city.	→	12 (3x4)	12 (3x4)	9 (3x3)
A draft Local Investment Plan for housing has been developed, comments from the Homes and Communities Agency (HCA) are being incorporated and this will then be considered by Cabinet.						

Ref	Risk Owner	Risk Description	Movement	Previous Risk Score (March 2010)	Current Risk Score (I x L)	Projected Risk Score
12	S Stanhope, Director of HR&OD	Inability, to match and motivate human resources, skills / abilities, to meet changing organisational requirements.	→	12 (4x3)	12 (4x3)	8 (4x2)
The importance of a range of HR processes (e.g. Internal Jobs Market) in assisting with the delivery of the Business Transformation Programme / new Operating Model remains critical.						
13	S Stanhope, Director of HR&OD	Adverse outcome in relation to Single Status & Equal Pay.	→	12 (4x3)	12 (4x3)	12 (4x3)
Risk remains the same – employment tribunals are progressing.						
15	H Paterson, Strategic Director of Transformation	Failure to improve service delivery at a time of public expenditure reductions.	→	12 (4x3)	12 (4x3)	8 (4x2)
Wording of the risk has been amended to better emphasise the importance of improving service delivery. Risk score remains unchanged, pending the outcome of the Comprehensive Spending Review and uncertainty as to the extent of budget reductions.						

Ref	Risk Owner	Risk Description	Movement	Previous Risk Score (March 2010)	Current Risk Score (I x L)	Projected Risk Score
25	J Johnson, Deputy Chief Executive	Failure to deliver the key regeneration priorities as set out in the Economic Masterplan.	→	12 (4x3)	12 (4x3)	12 (4x3)
New Masterplan has now been launched however the current and projected risk score remain at 12 due to reliance on securing funding.						
37	H Paterson, Strategic Director of Transformation	Failure of the Council to identify, prioritise and deliver programmes and projects.	→	12 (4x3)	12 (4x3)	8 (4x2)
Improved governance arrangements are being finalised and improvements have been made in this regard.						
38	J Johnson, Deputy Chief Executive	Failure to fundamentally reduce poverty levels in Sunderland.	NEW RISK	-	12 (4x3)	12 (4x3)
New risk to address all elements of poverty, not only child poverty.						
4	D Smith, Chief Executive	Failure of the Council to deliver its Community Leadership Role.	↓	12 (4x3)	9 (3x3)	6 (3x2)
Whilst surveys suggest that the Council's services are seen as performing well, the Council is not fully appreciated as the Community Leader. The Community Leadership Programme is addressing this issue, e.g. through the introduction of 'responsive local services' at an area level. Actions have also been identified to improve social inclusion and community cohesion (previously included in Risk 2). The Impact of failing to address this issue was considered to be significant but not critical and the score was reduced from 12 to 9.						

Ref	Risk Owner	Risk Description	Movement	Previous Risk Score (March 2010)	Current Risk Score (I x L)	Projected Risk Score
9	J Johnson, Deputy Chief Executive	Failure to implement a strategy / deliver a plan that makes the most efficient / effective use of land / property in the Council's portfolio.	→	9 (3x3)	9 (3x3)	6 (3x2)
Plans for property rationalisation have now been developed and are being considered, including utilisation of smarter working facilities.						
16	J Johnson, Deputy Chief Executive	ICT strategy and operational focus are not yet fully aligned to the needs and requirements of the Council.	↓	12 (4x3)	9 (3x3)	6 (3x2)
An overarching / corporate ICT strategy is not fully developed and the ICT requirements to deliver all aspects of the Business Transformation Programme have not been fully identified and resourced. However, the risk impact score has been reduced from 4 to 3 as it is considered to be significant but not critical.						
19	S Reed, Assistant Chief Executive	Failure by the Council and/or its strategic partners to understand, embrace and evidence progress towards strategic outcomes.	→	9 (3x3)	9 (3x3)	6 (3x2)
Risk description changed to remove emphasis on external inspections.						

Ref	Risk Owner	Risk Description	Movement	Previous Risk Score (March 2010)	Current Risk Score (I x L)	Projected Risk Score
28	S Stanhope, Director of HR&OD	Failure to maximise the availability of employees.	→	9 (3x3)	9 (3x3)	6 (3x2)
The unification of the HR function will provide more consistent advice to managers and a range of improvement have been made, including the development of the Attendance Management website.						
29	E Waugh, Head of Law and Governance	Failure to effectively manage, use and secure data to help the Council achieve its key priorities (with partners).	↓	12 (4x3)	9 (3x3)	6 (3x2)
Progress in relation to identified actions remains on target, including new policies on the management of data have been introduced.						
33	S Reed, Assistant Chief Executive	Failure to identify and implement opportunities to deliver services in different ways.	→	9 (3x3)	9 (3x3)	6 (3x2)
Risk description widened to cover the identification of new methods of potential service delivery as well as partnership working.						
34	K Moore / N Revely, Executive Directors of Children's / HHA Services	Failure to respond to residents' needs and aspirations in relation to Social Care.	↓	12 (3x4)	9 (3x3)	9 (3x3)
Description of risk amended to include all residents, not only adults. Likelihood reduced by mitigation actions taken to date.						

Ref	Risk Owner	Risk Description	Movement	Previous Risk Score (March 2010)	Current Risk Score (I x L)	Projected Risk Score
27	K Moore/ N Revely, Executive Directors of Children's / HHA Services	High profile or widespread failure to meet obligations and expectations linked to the Council's responsibilities for safeguarding.	→	8 (4x2)	8 (4x2)	4 (4x1)
Risk description changed to reflect "safeguarding people" rather than "safeguarding children and young people".						
20	R Odunaiya, Executive Director City Services	Failure to find and/or implement suitable arrangements to meet the City's waste collection, management and disposal requirements.	→	6 (3x2)	6 (3x2)	6 (3x2)
No change in overall status. Preferred bidder has now been chosen (SITA Consortium) and financial close is expected by 31/12/10.						
21	D Lewin, Director of Communication	Failure to build and maintain an effective public affairs programme and therefore the ability to influence at Westminster and Whitehall.	→	6 (3x2)	6 (3x2)	6 (3x2)
No change in overall status, although the launch of the Economic Master Plan in Westminster has taken place.						
30	J Johnson, Deputy Chief Executive	Inadequate resilience for Business Continuity	↓	9 (3x3)	6 (3x2)	6 (3x2)
Risk score reduced due to positive response to previous / recent incidents, which confirmed that procedures are in place and working.						

Ref	Risk Owner	Risk Description	Movement	Previous Risk Score (March 2010)	Current Risk Score (I x L)	Projected Risk Score
31	J Johnson, Deputy Chief Executive	Failure of the organisation to have an overall approach to economic, social and environmental sustainability.	→	6 (3x2)	6 (3x2)	6 (3x2)

Sunderland's Climate Change Action Plan, initially adopted in November 2008, sets out how the city is going to reduce its energy consumption, emissions of carbon dioxide (CO₂) and other greenhouse gases. The Plan was revised in January 2010, and is now aiming to reduce emissions by 34% (previously 20%) by 2020. The latest figures released on an annual basis, currently available from 2005 - 2008 show an 8% decrease in the city's CO₂ emissions.

- 3.4 The table below sets out the progress in relation to the actions included within the Corporate Risk Profile for 2010 / 11

Table 4 - Corporate Risk Profile – Analysis of Actions as at 30/09/10

	Number	%Age
Actions identified before 30/9/2010	158	
Actions completed	50	32
Actions removed (no longer valid)	12	8
Actions on target	67	42
Actions delayed	29	18

As a result of the mid-term review an additional 14 new actions were added to the Profile.

4. Conclusion

- 4.1 This report provides information and assurance in relation to the Corporate Risk Profile, and confirms that corporate risks are being identified and assessed, actions are in place to manage the risks, and that identified actions are generally being implemented on time.